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C O N F I D E N T I A L SECTION 01 OF 02 PRETORIA 002478

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DEPT FOR AF/S S. HILL, M. TABLER-STONE
DEPT PASS TO USAID/AFR E. LOKEN, M. COPSON
NSC FOR SENIOR AF DIRECTOR B. PITTMAN, B. LEO

E.O. 12958: DECL: 07/14/2017

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SUBJECT: ZIMBABWEAN BUSINESSMEN DEVELOPING RECONSTRUCTION
PLAN

REF: PRETORIA 356

Classified By: Deputy Chief of Mission Donald Teitelbaum. Reasons 1.4(b) and (d).

11. (C) SUMMARY. A group of exiled Zimbabwean economists and businessmen is developing plans for Zimbabwe's economic recovery once an internationally-acceptable government takes office, according to South African-based businessman Strive Masiyiwa. Nkosana Moyo, former Zimbabwean Minister of Industry and Trade, is heading the initiative. The group hopes to present their plans to key partners by December, and thus help shorten the time for Zimbabwe's recovery. The plans focus both on stabilizing the macroeconomic environment and rebuilding key sectors. On the current political crisis, Masiyiwa believes "change will come" to Zimbabwe by December, likely as soon as August, although it is not clear what the change will look like. END SUMMARY.

12. (C) Exiled Zimbabwean businessman and Econet CEO Strive Masiyiwa briefed PolOff July 12 on a new initiative to plan for Zimbabwe's economic recovery. (NOTE: Masiyiwa wants to keep the initiative -- particularly his involvement -- confidential, so please protect accordingly. END NOTE.)

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Called the "Zimbabwe Economic Recovery Plan" (or ZERP), the project involves a small number of "non-partisan," prominent Zimbabwean economists and businessmen, mostly living in exile, such as Peter Robinson, Callisto Madavo, and Wellington Chadehumbe. The group is meeting with top international economists to flesh out plans for stabilizing Zimbabwe's economy and kick-starting growth once an "internationally-acceptable" government is in place in Zimbabwe. Former Zimbabwean Minister of Industry and Trade and IFC official Nkosana Moyo is heading the project. If it becomes necessary to go public, Moyo will be the public face of the initiative.

13. (C) The group hopes to gather its key findings and recommendations in a final "blueprint document" by December and present it to key multilateral and bilateral partners. The goal is to "soft circle" what needs to be done when a new

government takes office and thus cut back the recovery time. Should change come sooner than December, the group will be ready to present their ideas. However, Masiyiwa speculated that there will be a period of political uncertainty surrounding any change in power, so December is still a solid target date. At this point, the group does not plan to discuss the initiative with the current regime in Harare.

14. (C) Nkosana Moyo has briefed South African Reserve Bank Governor Tito Mboweni and Trade and Industry Minister Alec Erwin on their work. South African President Mbeki is aware of the initiative and said it was a "good thing" and "necessary," but stressed that the South African Government cannot be associated with it because of political sensitivities with Harare.

Macroeconomic Stability

15. (C) Masiyiwa and Moyo have divided the project into two "work areas": macroeconomic stability and microeconomic reform/growth. The macro team is working with a group of economists at Oxford, headed by Paul Collier, to develop an action plan to deal with hyperinflation and stabilize the macroeconomic environment. The Zimbabwean team asked Collier to be as practical as possible, pretending he is advising a new Zimbabwean government to take certain actions the first 100 days, other actions the next 100 days, and so on. Collier and his Oxford team has agreed to provide their services pro bono. The Zimbabweans and Collier are meeting every two weeks to flesh out the details of the program. Masiyiwa and his team last met with Collier in Oxford July 7-8.

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Microeconomic Reform/Growth

16. (C) The microeconomic team is working in eleven "activity groups" dealing with topics such as tourism, mining, land and agriculture, investment policy, and humanitarian aid. The group is planning for restoration of the industrial capacity of Zimbabwe, which they estimate will take at least three years and USD 1 billion in capital. Masiyiwa noted that land will be one of the most difficult topics. Their current thinking on land is to create a non-partisan commission to study rural development and provide recommendations. Observing that it will be politically impossible to return to the days of large commercial farms, Masiyiwa said the group seeks to create a rural middle class with commercially-viable plots of land, instead of the current peasant class, subsistence farmers.

17. (C) Masiyiwa wants to engage a U.S. private consulting company, Monitor Group, headed by Tom Fuller and Michael Porter, to provide advice and pull together the output of the various microeconomic working groups. Monitor has not yet provided a final quote for the services, but Masiyiwa's estimates it will be USD 2-3 million. The Zimbabweans may approach key partners, possibly the USG, for co-funding of this part of ZERP.

Views on Current Politics

18. (C) Turning to the current political crisis in Zimbabwe, Masiyiwa stated flatly that "change will come no later than December, likely by the end of August." The only question is what the change will look like. Masiyiwa said that Mugabe is completely disconnected from reality and thinks his price controls are doing good. Mugabe is attempting to repeat with business what he did with the farms, not realizing that he is

destroying his economy.

¶9. (C) On the MDC, Masiyiwa expressed his view that "there is only one MDC -- the one led by Morgan Tsvangirai." The other faction has little popular support in Zimbabwe, but is led by "some smart people" who are well-connected in the West and in South Africa. The international community should stop trying to force the two groups together ("humpty dumpty has fallen off the wall").

Comment and Action Request

¶10. (C) While we cannot comment on the details of Masiyiwa's economic plans, we are encouraged that the Zimbabwean diaspora is beginning to play a more active role in planning for their country's future. We know South African-based businessmen Masiyiwa and Chadehumbe well, and believe they are serious and sharp businessmen who are genuinely committed to the future of their country.

¶11. (C) ACTION REQUEST: We understand the USG has developed its own plans for Zimbabwe's economic recovery phase. If appropriate, it may be useful to share elements of that strategy with Masiyiwa or members of his team to inform their thinking -- and ours -- in advance of the political change in Zimbabwe. END ACTION REQUEST.
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